



FEDERAL RESERVE SYSTEM

12 CFR Parts 217, 225, and 238

Docket No. R-1509

RIN 1700-AE 30

Regulations Q, Y, and LL: Small Bank Holding Company Policy Statement; Capital Adequacy of Board-Regulated Institutions; Bank Holding Companies; Savings and Loan Holding Companies.

AGENCY: Board of Governors of the Federal Reserve System (Board).

ACTION: Final rule.

SUMMARY: The Board is adopting final amendments (Final Rule) to the Small Bank Holding Company Policy Statement (Regulation Y, Appendix C) (Policy Statement) that: raise from \$500 million to \$1 billion the asset threshold to qualify for the Policy Statement; and expand the scope of companies eligible under the Policy Statement to include savings and loan holding companies. The Board is also adopting final conforming revisions to Regulation Y and Regulation LL, the Board's regulations governing the operations and activities of bank holding companies and savings and loan holding companies, respectively, and Regulation Q, the Board's regulatory capital rules.

DATES: The final rule is effective [*INSERT DATE 30 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER*], 2015.

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SUPPLEMENTARY INFORMATION:

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I. Background

On February 3, 2015, the Board invited comment on a proposed rule (Proposed Rule)¹ to implement Public Law 113-250 (the Act).² The Proposed Rule proposed increasing the amount of assets qualifying holding companies may have, expanding the application of the Policy Statement to qualifying savings and loan holding companies, revising the applicability of the

¹ 80 FR 5694 (February 3, 2015) (Proposed Rule).

² Pub. L. 113-250 (December 18, 2014) (Pub. L. 113-250). The Act was enacted on December 18, 2014, and became immediately effective.

Board's regulatory capital rules³ to exclude savings and loan holding companies subject to the Policy Statement, and revising certain reporting requirements. Specifically, the Proposed Rule would allow bank holding companies and savings and loan holding companies with less than \$1 billion in total consolidated assets to qualify under the Policy Statement, provided the holding companies also comply with three qualitative requirements (Qualitative Requirements).

Previously, only bank holding companies with less than \$500 million in total consolidated assets that complied with the Qualitative Requirements could qualify under the Policy Statement. With the exception of the proposed changes to the reporting requirements, the Board is adopting as final the Proposed Rule without changes.⁴

The Board issued the Policy Statement in 1980 to facilitate the transfer of ownership of small community-based banks in a manner consistent with bank safety and soundness. The Board has generally discouraged the use of debt by bank holding companies to finance the acquisition of banks or other companies because high levels of debt can impair the ability of the holding company to serve as a source of strength to its subsidiary banks. The Board has recognized, however, that small bank holding companies have less access to equity financing than larger bank holding companies and that the transfer of ownership of small banks often requires the use of acquisition debt. Accordingly, the Board adopted the Policy Statement to permit the formation and expansion of small bank holding companies with debt levels that are higher than typically permitted for larger bank holding companies. The Policy Statement contains several conditions and restrictions designed to ensure that small bank holding

³ 12 CFR part 217 (Regulation Q).

⁴ The comment period for the proposed changes to the reporting requirements in the Proposed Rule runs through April 6, 2015. Once the comment period for the proposed reporting requirements closes, the Board will consider any and all reporting and Paperwork Reduction Act-related comments before finalizing any reporting changes.

companies that operate with the higher levels of debt permitted by the Policy Statement do not present an undue risk to the safety and soundness of their subsidiary banks.

Previously, the Policy Statement applied only to bank holding companies with *pro forma* consolidated assets of less than \$500 million that met the following Qualitative Requirements: (i) were not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) did not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary;⁵ and (iii) did not have a material amount of debt or equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission. The Board last raised the asset threshold in 2006 when it increased it from \$150 million to \$500 million.⁶

Under the Policy Statement, holding companies that meet the Qualitative Requirements may use debt to finance up to 75 percent of the purchase price of an acquisition (that is, they may have a debt-to-equity ratio of up to 3.0:1), but are subject to a number of ongoing requirements. The principal ongoing requirements are that a qualifying holding company: (i) reduce its parent company debt in such a manner that all debt is retired within 25 years of being incurred; (ii) reduce its debt-to-equity ratio to .30:1 or less within 12 years of the debt being incurred; (iii) ensure that each of its subsidiary insured depository institutions is well capitalized; and (iv) refrain from paying dividends until such time as it reduces its debt-to-equity ratio to 1.0:1 or less. The Policy Statement also specifically provides that a qualifying bank holding company

⁵ The examples provided in the Policy Statement – securitization and asset management or administration – are not exhaustive and serve to highlight off-balance sheet activities that may involve substantial risk. Other activities may present similar concerns. *See also* 71 FR 9897, 9899, fn. 2 (February 28, 2006) (2006 Final Rule).

⁶ *See* 2006 Final Rule.

may not use the expedited procedures for obtaining approval of acquisition proposals or obtaining a waiver of the stock redemption filing requirements applicable to bank holding companies under the Board's Regulation Y (12 CFR 225.4(b), 225.14, and 225.23) unless the bank holding company has a *pro forma* debt-to-equity ratio of 1.0:1 or less.

II. Overview of Comments

The Board received 11 comments on the Proposed Rule. Comments were submitted by financial trade associations, individuals associated with financial institutions, and a law firm that represents bank holding companies and savings and loan holding companies. While each commenter expressed general support for the Proposed Rule, some commenters recommended revisions to the Proposed Rule. For instance, one commenter expressed support for raising the asset threshold higher than \$1 billion. Another commenter expressed support for the nonbanking and off-balance sheet activity requirements but suggested that the Board consider rescinding or revising the requirement relating to outstanding debt or equity securities registered with the SEC. The Board's responses to these comments are discussed below.

III. Summary of the Final Rule

Increase in Amount of Qualifying Assets

Under the Final Rule, a holding company with less than \$1 billion in total consolidated assets may qualify under the Policy Statement, provided it also complies with the Qualitative Requirements. This new asset limit is set by statute.⁷ As noted above, commenters generally supported the Board's proposal to increase the scope of the Policy Statement by allowing firms with less than \$1 billion in total assets to qualify. One commenter suggested that the threshold

⁷ Public Law 113-250.

be increased to \$5 billion. The Act directs the Board to increase the threshold to \$1 billion, and section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)⁸ effectively prevents the threshold from being raised any higher.

Policy Statement's Application to Savings and Loan Holding Companies

The Act also directs the Board to propose revisions to the Policy Statement that would extend its application to certain savings and loan holding companies. Consistent with the Proposed Rule, the Final Rule applies the revised Policy Statement to savings and loan holding companies by amending Appendix C to 12 CFR part 225 and adding new section 238.9 to Subpart A of Regulation LL.

As explained in the Proposed Rule, this change requires other modifications to the Policy Statement to take into account the status of savings associations under the Bank Holding Company Act of 1956, as amended (BHC Act). The first Qualitative Requirement uses the terms “nonbanking activities” and “nonbank subsidiary” to refer to the activities of a bank holding company. Under the BHC Act, however, control of a savings association by a bank holding company is considered a nonbanking activity.⁹ Because savings and loan holding companies control savings associations, all activities of savings and loan holding companies, including the control of savings associations would be considered nonbanking activities under the Policy Statement.

This outcome would be inconsistent with Congressional intent to apply the Policy Statement to savings and loan holding companies.¹⁰ The Board therefore will treat subsidiary

⁸ 12 U.S.C. § 5371, as amended.

⁹ See 12 U.S.C. 1841(c)(2)(B), 1841(j), and 1843(i)(1).

¹⁰ See, e.g., Pub. L. 113-250, sec. 2(b).

savings associations of savings and loan holding companies as if they were banks for purposes of applying the Policy Statement.

As is the case with bank holding companies, whether a savings and loan holding company engages in “significant” nonbanking activities will depend on the scope of the activities of the savings and loan holding company, the nature and level of risk of the activities, the condition of the savings and loan holding company, and other criteria as appropriate.¹¹

Consistent with the Policy Statement’s provisions for bank holding companies, the Board retains the right to exclude any savings and loan holding company, regardless of size, from the Policy Statement if the Board determines that such action is warranted for supervisory purposes.

Policy Statement’s Qualitative Requirements

The Final Rule retains the Qualitative Requirements without change. One commenter noted that the Qualitative Requirements concerning nonbanking and off-balance sheet activities adequately cover bank holding companies and savings and loan holding companies that meet the size threshold but have unusually complex activities at the holding company level. None of the commenters expressed concerns related to the nonbanking or off-balance sheet activities requirements. Consistent with the Board’s previously-issued guidance on these two Qualitative Requirements,¹² whether a bank holding company or savings and loan holding company engages in significant nonbanking or off-balance sheet activities will continue to depend on a consideration of the scope of the activities, the nature and level of risk of the activities, the condition of the holding company and its subsidiary depository institution, and other criteria as

¹¹ For purposes of applying the Policy Statement to savings and loan holding companies, the term “nonbank subsidiary” as used in the Policy Statement refers to a subsidiary of a savings and loan holding company other than a savings association or a subsidiary of a savings association.

¹² See Proposed Rule, 80 FR 5695; 2006 Final Rule, 71 FR 9899-9900.

appropriate. As previously stated, determinations of significance are made on a case-by-case basis, and relatively few bank holding companies or savings and loan holding companies are likely to be excluded from the Policy Statement due to the Qualitative Requirements concerning nonbanking and off-balance sheet activities.¹³

One commenter urged the Board to rescind the Qualitative Requirement that would disqualify a bank holding company or savings and loan holding company with a material amount of outstanding SEC-registered debt or equity securities. In the alternative, the commenter suggested the Board clarify whether bank holding companies and savings and loan holding companies that meet the asset size threshold and would otherwise qualify under the Policy Statement but for having SEC-registered debt or equity could qualify under the Policy Statement.

The exclusion from the Policy Statement of any bank holding company that has a material amount of SEC-registered debt or equity securities reflected the view that SEC registrants typically exhibited a degree of complexity of operations and access to multiple funding sources that warranted exclusion from the Policy Statement.¹⁴ Determinations of materiality are made on a case-by-case basis in order to assess the complexity of a firm. In considering whether a savings and loan holding company or bank holding company has a material amount of SEC-registered debt or equity securities outstanding that contributes to its complexity (other than trust preferred securities), the Board may consider, among other factors: the number and type of classes and series of stock issued; the holding company's market capitalization; the number of outstanding shares; the average trading volume; the holding company's history of issuing equity and debt securities, including whether the entity has issued

¹³ 2006 Final Rule, 71 FR 9900.

¹⁴ 2006 Final Rule, 71 FR 9899.

any other securities that are not registered with the SEC (*e.g.*, privately-placed securities); the nature and distribution of ownership; whether the securities are listed on a national exchange; whether the holding company qualifies as a “smaller reporting company” pursuant to the SEC’s regulations and related interpretations; and the amount, type, and terms of any debt instruments issued by the entity. While the Policy Statement has included the “materiality” standard since 2006, as a general matter, application of this standard has not resulted in many bank holding companies being excluded from the Policy Statement. After considering the concerns raised by the commenter, the Board is adopting the Qualitative Requirements unchanged.

Regulation Q Change

When the Board proposed the Proposed Rule, the Board separately revised Regulation Q, 12 CFR Part 217, through issuance of an interim final rule (Interim Final Rule), to exclude a qualifying savings and loan holding company from consolidated regulatory capital requirements.¹⁵ The Interim Final Rule gave effect to the Act, which immediately excepted savings and loan holding companies that complied with the Policy Statement then in effect from the provisions of section 171 of the Dodd-Frank Act.¹⁶ At that time, the Policy Statement applied to firms with less than \$500 million in total consolidated assets so the Interim Final Rule contained the same limit. In the Proposed Rule, the Board proposed further revisions to Regulation Q that would expand the scope of the exclusion for savings and loan holding companies to firms with less than \$1 billion in total consolidated assets that also meet the Qualitative Requirements. The proposed revisions to Regulation Q in the Proposed Rule would supersede the changes to Regulation Q from the Interim Final Rule. The Board did not receive

¹⁵ 80 FR 5666 (February 3, 2015).

¹⁶ See Pub. L. 113-250.

any comments concerning the proposed change to Regulation Q. The Board is adopting as final the proposed revisions to Regulation Q that conform it to reflect the revised Policy Statement.

Conforming Amendments

A number of filing and other provisions in Regulations Y and LL are triggered by the asset size established in the Policy Statement. The Board is adopting as final the proposed changes that enable qualifying small bank holding companies and savings and loan holding companies to take advantage of the streamlined informational, notice, and other regulatory requirements. These technical and conforming amendments provide relief to most bank holding companies and savings and loan holding companies with less than \$1 billion of total consolidated assets. The Final Rule includes the following technical and conforming amendments:

- In section 217.1(c)(1)(iii), Regulation Q (12 CFR part 217) excludes savings and loan holding companies that are subject to the Policy Statement through operation of section 238.9 of the Board's Regulation LL (12 CFR part 238).
- In section 225.2(r), footnote 2, the footnote describing the application of the definition of "well-capitalized" in the Board's Regulation Y (12 CFR part 225) applies to entities with less than \$1 billion of total assets.
- In section 225.4(b)(2)(iii), different *pro forma* financial information is required of smaller bank holding companies with less than \$1 billion in total assets than for larger bank holding companies under section 225.4(b)(1) of the Board's Regulation Y.
- In section 225.14(a)(1)(v), different *pro forma* financial information is required of smaller bank holding companies with less than \$1 billion in total assets than for larger bank holding companies under section 225.14 of the Board's Regulation Y.

- In section 225.17(a)(6), footnote 6, a bank holding company with less than \$1 billion in assets can satisfy the debt requirement if it complies with the Policy Statement.
- In section 225.23(a)(1)(iii), different *pro forma* financial information is required of smaller bank holding companies with less than \$1 billion in total assets than for larger bank holding companies under section 225.23 of the Board's Regulation Y.

IV. Administrative Law Matters

A. Regulatory Flexibility Act Analysis

The Board is providing a final regulatory flexibility analysis with respect to the Final Rule. As discussed above, the Final Rule reduces regulatory burden on small entities by excluding many bank holding companies and savings and loan holding companies with total consolidated assets of less than \$1 billion that meet the Qualitative Requirements from the application of Regulation Q.

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, generally requires that an agency provide a final regulatory flexibility analysis in connection with a final rule. Under regulations issued by the Small Business Administration, a small bank holding company, bank, or savings and loan holding company is defined as having assets of \$550 million or less (collectively, small banking organizations).¹⁷ As of December 31, 2014, there were approximately 3,862 small bank holding companies and 275 small savings and loan holding companies.

The Board received no comments from the public or from the Chief Counsel for Advocacy of the Small Business Administration in response to the initial regulatory flexibility

¹⁷ See 13 CFR 121.201. Effective July 14, 2014, the Small Business Administration revised the size standards for banking organizations to \$550 million in assets from \$500 million in assets. 79 FR 33647 (June 12, 2014).

analysis provided with the notice of proposed rulemaking. Thus, no issues were raised in public comments related to the Board's initial regulatory flexibility act analysis and no changes are being made in response to such comments.

The Final Rule impacts small bank holding companies and small savings and loan holding companies with total consolidated assets of \$500 to \$550 million that meet the Qualitative Requirements by providing an exclusion for these companies from Regulation Q. The Board believes that most affected small banking organizations already hold more capital than is required under Regulation Q, so the burden reduction from the exclusion from Regulation Q is primarily related to compliance and systems necessary to comply with Regulation Q. In addition, affected small bank holding companies will now be able to take advantage of the applications processing procedures provided to qualifying companies under the Policy Statement.

There are no significant alternatives to the Final Rule that have less economic impact on small banking organizations, and the Final Rule significantly reduces burden on nearly all small banking organizations.

B. Paperwork Reduction Act

At this time, the Board is not adopting as final the changes to reporting requirements in the Proposed Rule. The comment period for the proposed changes to the reporting requirements in the Proposed Rule runs through April 6, 2015. Once the comment period for the proposed reporting requirements closes, the Board will consider any and all reporting and Paperwork Reduction Act-related comments before finalizing any reporting changes.

C. Plain Language

Section 722 of the Gramm-Leach-Bliley Act (Pub. L. No. 106–102, 113 Stat. 1338, 1471, 12 U.S.C. 4809) requires the Federal banking agencies to use “plain language” in all proposed and final rules published after January 1, 2000. In light of this requirement, the Board has sought to present the Final Rule in a simple and straightforward manner. The Board sought to present the Proposed Rule in a simple and straightforward manner and solicited comment on how to make the Proposed Rule easier to understand. No comments were received on the use of plain language.

List of Subjects

12 CFR Part 217

Administrative practice and procedure, Banks, banking, Capital, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements, Securities.

12 CFR Part 225

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements.

12 CFR Part 238

Administrative practice and procedure, Banks, banking, Federal Reserve System, Holding companies, Reporting and recordkeeping requirements.

Federal Reserve System

12 CFR Chapter II

Authority and Issuance

For the reasons set forth in the preamble, chapter II of title 12 of the Code of Federal Regulations is amended as set forth below:

PART 217 – CAPITAL ADEQUACY OF BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND STATE MEMBER BANKS (REGULATION Q)

1. The authority citation for part 217 continues to read as follows:

Authority: 12 U.S.C. 248(a), 321-338a, 481-486, 1462a, 1467a, 1818, 1828, 1831n, 1831o, 1831p-l, 1831w, 1835, 1844(b), 1851, 3904, 3906-3909, 4808, 5365, 5368, 5371.

2. In § 217.1, revise paragraph (c)(1)(iii) to read as follows:

§ 217.1 Purpose, applicability, reservations of authority, and timing.

* * * * *

(c) * * *

(1) * * *

(iii) A covered savings and loan holding company domiciled in the United States, other than a savings and loan holding company that has total consolidated assets of less than \$1 billion and meets the requirements of 12 CFR part 225, appendix C, as if the savings and loan holding company were a bank holding company and the savings association were a bank. For purposes of compliance with the capital adequacy requirements and calculations in this part, savings and loan holding companies that do not file the FR Y-9C should follow the instructions to the FR Y-9C.

* * * * *

PART 225 – BANK HOLDING COMPANIES AND CHANGE IN BANK CONTROL (REGULATION Y)

3. The authority citation for part 225 continues to read as follows:

Authority: 12 U.S.C. 1817(j)(13), 1818, 1828(o), 1831i, 1831p-1, 1843(c)(8), 1844(b), 1972(1), 3106, 3108, 3310, 3331-3351, 3906, 3907, and 3909; 15 U.S.C. 1681s, 1681w, 6801 and 6805.

4. In § 225.2, paragraph (r), revise footnote 2 to read as follows:

§ 225.2 Definitions.

* * * * *

(r) * * *

Footnote 2: For purposes of this subpart and subparts B and C of this part, a bank holding company with consolidated assets of less than \$1 billion that is subject to the Small Bank Holding Company Policy Statement in appendix C of this part will be deemed to be “well-capitalized” if the bank holding company meets the requirements for expedited/waived processing in appendix C.

5. In § 225.4, revise paragraph (b)(2)(iii) to read as follows:

§ 225.4 Corporate practices.

* * * * *

(b) * * *

(2) * * *

(iii)(A) If the bank holding company has consolidated assets of \$1 billion or more, consolidated *pro forma* risk-based capital and leverage ratio calculations for the bank holding company as of the most recent quarter, and, if the redemption is to be debt funded, a parent-only *pro forma* balance sheet as of the most recent quarter; or

(B) If the bank holding company has consolidated assets of less than \$1 billion, a *pro forma* parent-only balance sheet as of the most recent quarter, and, if the redemption is to be debt funded, one-year income statement and cash flow projections.

* * * * *

6. In § 225.14, revise paragraph (a)(1)(v) to read as follows:

§ 225.14 Expedited action for certain bank acquisitions by well-run bank holding companies.

* * * * *

(a) * * *

(1) * * *

(v)(A) If the bank holding company has consolidated assets of \$1 billion or more, an abbreviated consolidated *pro forma* balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, consolidated *pro forma* risk-based capital ratios for the acquiring bank holding company as of the most recent quarter, and a description of the purchase price and the terms and sources of funding for the transaction;

(B) If the bank holding company has consolidated assets of less than \$1 billion, a *pro forma* parent-only balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, and a description of the purchase price, the terms and sources of funding for the transaction, and the sources and schedule for retiring any debt incurred in the transaction;

* * * * *

7. In § 225.17, in paragraph (a)(6), revise footnote 6 to read as follows:

§ 225.17 Notice procedure for one-bank holding company formations.

* * * * *

(a) * * *

(6) * * *

Footnote 6 – For a banking organization with consolidated assets, on a *pro forma* basis, of less than \$1 billion (other than a banking organization that will control a de novo bank), this requirement is satisfied if the proposal complies with the Board's Small Bank Holding Company Policy Statement (appendix C of this part).

8. In § 225.23, revise paragraph (a)(1)(iii) to read as follows:

§ 225.23 Expedited action for certain nonbanking proposals by well-run bank holding companies.

* * * * *

(a) * * *

(1) * * *

(iii) If the proposal involves an acquisition of a going concern:

(A) If the bank holding company has consolidated assets of \$1 billion or more, an abbreviated consolidated *pro forma* balance sheet for the acquiring bank holding company as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, consolidated *pro forma* risk-based capital ratios for the acquiring bank holding company as of the most recent quarter, a description of the purchase price and the terms and

sources of funding for the transaction, and the total revenue and net income of the company to be acquired;

(B) If the bank holding company has consolidated assets of less than \$1 billion, a *pro forma* parent-only balance sheet as of the most recent quarter showing credit and debit adjustments that reflect the proposed transaction, a description of the purchase price and the terms and sources of funding for the transaction and the sources and schedule for retiring any debt incurred in the transaction, and the total assets, off-balance sheet items, revenue and net income of the company to be acquired;

(C) For each insured depository institution whose Tier 1 capital, total capital, total assets or risk-weighted assets change as a result of the transaction, the total risk-weighted assets, total assets, Tier 1 capital and total capital of the institution on a *pro forma* basis;

* * * * *

9. In appendix C to part 225, revise the heading and, under section 1, revise the first undesignated paragraph to read as follows

Appendix C to Part 225—Small Bank Holding Company and Savings and Loan Holding Company Policy Statement

* * * * *

1. Applicability of Policy Statement

This policy statement applies only to bank holding companies with *pro forma* consolidated assets of less than \$1 billion that (i) are not engaged in significant nonbanking activities either directly or through a nonbank subsidiary; (ii) do not conduct significant off-balance sheet activities (including securitization and asset management or administration) either directly or through a nonbank subsidiary; and (iii) do not have a material amount of debt or

equity securities outstanding (other than trust preferred securities) that are registered with the Securities and Exchange Commission. The Board may in its discretion exclude any bank holding company, regardless of asset size, from the policy statement if such action is warranted for supervisory purposes.¹ With the exception of section 4 (Additional Application Requirements for Expedited/Waived Processing), the policy statement applies to savings and loan holding companies as if they were bank holding companies.

Footnote 1: [Reserved]

* * * * *

PART 238 – SAVINGS AND LOAN HOLDING COMPANIES (REGULATION LL)

10. The authority citation for part 238 continues to read as follows:

Authority: 5 U.S.C. 552, 559; 12 U.S.C. 1462, 1462a, 1463, 1464, 1467, 1467a, 1468, 1813, 1817, 1829e, 1831i, 1972; 15 U.S.C. 78 *l*.

11. Add § 238.9 to subpart A to read as follows:

§ 238.9 – Small Bank Holding Company Policy Statement.

(a) The Board’s Small Bank Holding Company Policy Statement (12 CFR Part 225, appendix C) (Policy Statement) applies to savings and loan holding companies as if they were bank holding companies. To qualify or rely on the Policy Statement, savings and loan holding companies must meet all qualifying requirements in the Policy Statement as if they were a bank holding company. For purposes of applying the Policy Statement, the term “nonbank subsidiary” as used in the Policy Statement refers to a subsidiary of a savings and loan holding company other than a savings association or a subsidiary of a savings association.

(b) The Board may exclude any savings and loan holding company, regardless of asset size, from the Policy Statement under paragraph (a) of this section if the Board determines that such action is warranted for supervisory purposes.

By order of the Board of Governors of the Federal Reserve System, April 9, 2015.

Margaret McCloskey Shanks
Deputy Secretary of the Board

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